

VIA: AIR  
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DISPATCH NO. EGL-A- 681

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CLASSIFICATION

**SECURITY INFORMATION**

TO : Chief, EE

DATE: 28 October 1952

FROM : Chief of Mission, Frankfurt

SUBJECT: GENERAL—Operational

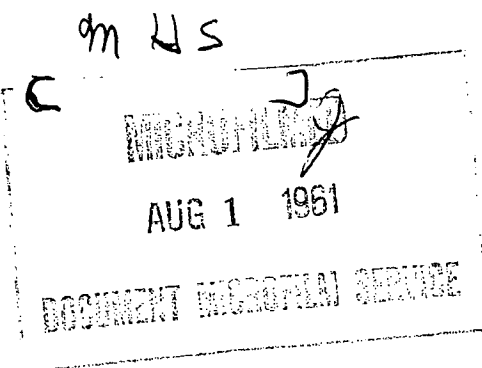
SPECIFIC—MHBK and ZAKO Intelligence Activities

1. For what it is worth, a ZIPPER report of very general nature on General ZAKO and the MHBK, which probably contains nothing new on this well-known "intelligence" Bourse. This item was prepared entirely on the initiative of ZIPPER, and probably only demonstrates a lamentable lack of detailed knowledge of the Hungarian emigration.

Approved by:

for E J

1 Enc.



DIST:

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200-6-12-61

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Enc. to ECLA-681

Memo # 5620

TO : 25 (25.40)  
FROM : 30 (40/S)  
SUBJECT: Intelligence Activities Conducted by the MHBK of General Zako  
SOURCES: Paragraph 1: V-14701 (B-2)  
Paragraphs 2 to 4: V-14901 (F-2)

Note. The report contains statements made by former Hungarian General Staff Captain Jenoe Halmay on the intelligence activities conducted by the MHBK of General Andras Zako. The report confirms previous information. Halmay has a leading position in the MHBK intelligence organization. Since he gave essentially the same information to two different sources at different times, his statements are believed to reflect the opinion of the MHBK leadership.

1. In late January 1958, source obtained the following information from Captain Jenoe Halmay, whom he met in Salzburg:

- a. The MHBK, and particularly General Zako, does not conduct any intelligence gathering activities. If a Western power needs the help of Hungarians in the field of intelligence work, the MHBK would make the men available. If a foreign power contacts an individual Hungarian with a view to recruiting him for intelligence gathering activities, the individual concerned would report on these negotiations to the MHBK central headquarters, whereupon Zako would then delegate intelligence officers best qualified for the job. The agents, who at present work for some foreign power were therefore not in the

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employ of this power, but were working as intelligence officers of the MHBK and were only detached by this organization to the intelligence organs of the foreign power concerned. The intelligence groups detached by the MHBK give financial support to the MHBK headquarters, either with or without the knowledge of the foreign power that gave the intelligence orders. As a matter of fact, the entire MHBK leadership is maintained by the money received in this way.

- b. Since the MHBK headquarters must be informed on the situation prevailing in Hungary, all the reports supplied by individual intelligence groups to foreign powers are sent to the document center of the MHBK. If one of the intelligence groups detached by the MHBK fails to procure the intelligence requested by a foreign power, the desired information may be obtained from this document center. No mistake may occur in this procedure, as the document center knows through what channels any given intelligence material was obtained, so that the danger of transmitting the same intelligence material to the same foreign power through another intelligence channel is eliminated.
- c. When source remarked that this procedure was tantamount to swindle, Halnay replied that the Western powers had cheated the Hungarians so often that those need not have any scruples in putting Hungarian interests first. Halnay further said that Zako was in connection with the French intelligence service and the French General Staff. Since Zako himself was not active in the field of intelligence work, he discusses

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only the organization of intelligence rings with the French agencies mentioned. When Lako was in Paris in late 1951, he was asked by the French, whether he was willing to negotiate with a U.S. intelligence organ. However, Lako, who declared his willingness to do so, refused to negotiate with the Americans in Paris. The French resented this attitude, and subsequently cut the budget of the Lindau organization of the MMBK by the amount, which, according to their information, this organization transferred to the MMBK headquarters. [Lako ordered Oliver Lovasz, the leader of the Lindau intelligence organization, to continue his work for the French.] According to a recent agreement reached between the French and Lako the MMBK members working in an intelligence capacity for the French will be considered as intelligence officers detached by MMBK to the French.

- d. When Galmy was asked, why General Lako maintained close connections just with the French, he replied that the French would be given the command over the NATO ground forces. In his opinion it was therefore essential to be in connection with them in order to be able to organize armies from eastern emigres within the framework of NATO. Galmy also said that General Lako had conducted negotiations with the French in this matter;

E-2 e. The MMBK maintains intelligence connections with Britain, U.S. and French intelligence organs. The cooperation between the

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Hungarians on the one side, and the Western intelligence services on the other is handled as follows: the Western intelligence services ask the MMBK for specific information, which is obtained in Hungary through intelligence connections established by the MMBK. If this way should not be feasible in a given case, the information required by the Western intelligence organizations may be obtained from material available at the MMBK document center, which receives information from all MMBK intelligence rings. The MMBK does not give its Western partners any information on the way it conducts its intelligence work, nor does it reveal the names of the agents working for it. The Western powers had to accept this arrangement since they are not able to organize an intelligence organization of their own in Hungary and thus have to rely on the good will of the MMBK.

5. In order to prove this opinion, Rulmay told the following: The MMBK maintains a French line, which was entrusted to a Hungarian general staff major. On occasion of a meeting between General Lako, the Hungarian major, and the French liaison officer, the latter asked the chief of the MMBK, whether he was willing to work also for a U.S. agency. Lako declared that he was willing to do so on principle, but when he was told the pertinent negotiations could begin at once, he made subterfuges and left the room under pretext of an urgent appointment. The French had reacted by blocking the subsidies previously paid to the MMBK and allocating only those sums which were required for the operations of the

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MABK intelligence groups in the employ of the French. The ensuing financial crisis of the MABK could only be overcome by an intensification of its intelligence activities for the Americans and the British. Kaho had ordered the Hungarian general staff major to continue his work for the French, however, no material procured through other MABK intelligence channels was any longer furnished to them by the MABK document center.

4. Hulmay furthermore said that no Western power could go without the results of the evaluation work done at the MABK document center. He once more stressed the fact that every item of information obtained by one of the MABK intelligence groups was collected at the MABK document center, which was therefore in possession of ample information and thus could easily help out those MABK intelligence groups, which were unable to procure the intelligence requested from them through their own channels. According to Hulmay, each MABK intelligence officer in the employ of a Western intelligence service considers it as his duty to furnish his information not only to his Western employer but also to the MABK document center.

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